Economic Opportunity Analysis

Adopted by Newberg City Council – 1/3/06
Ordinance No. 2006-2635

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City of Newberg
Economic Opportunity Analysis

Introduction

Newberg's economy has traditionally been rural in nature. As the city with the second largest population in Yamhill County, Newberg serves as the commerce center for the eastern portion of the county's primarily agricultural economy. However, over the past couple of decades, Newberg has been making a slow transition to a city of more urban characteristics. Newberg's economic base has become more diversified, including some of its home-grown industries that have evolved into national and international leaders in their respective fields. This trend toward urbanization is likely to continue as the growth of the Portland metropolitan area increasingly influences the character of Newberg . However, our city is one steeped in history, and is a community that possesses a strong sense of place. The citizens of Newberg highly value these characteristics and wish to maintain its unique identity. To do so, Newberg must strengthen its economic base. Newberg must support its existing businesses while nurturing new enterprises. Finally, Newberg also recognizes the importance of regionalism in economic development. Therefore, it will take advantage of the Portland area regional economy while retaining its separate identity.

Population Profile

Historic and Future Growth Trend

Newberg has grown steadily through the last few decades (Source: U.S. Census Bureau).

Year	Population
1960	4,204
1970	6,507
1980	10,394
1990	13,086
2000	18,064

Newberg's population as of July 1, 2004 has been estimated to be 19,910 (Source: Population Research Center, Portland State University).

Between 1990 and 2000, Newberg's growth rate was 38%. In comparison, Newberg's growth rate was greater than the Portland Metropolitan area's at 27%,the state of Oregon at 20%, and Yamhill County's at 30% (Source: U.S. Census Bureau). It should be noted that Yamhill County, where Newberg is located, is part of the Portland Metropolitan Statistical Area (PMSA). While Oregon's population in general is not expected to grow in the foreseeable future as fast as in the 1990s, the Portland metropolitan area should

grow faster than the state as a whole.

In 2004, the Newberg City Council appointed an ad hoc advisory committee to look at the community's future land needs. To accomplish this task, the Ad Hoc Committee for Newberg's Future needed to forecast the community's future population. A consultant working with the Committee developed three growth forecast scenarios for the Committee to consider: low, medium, and high. The Committee selected the medium growth scenario as the most likely to occur. The following is the forecasted future growth for Newberg:

	2000	2005	2025	2040
Forecasted Population*	18,438	21,132	38,352	54,097

Source: Johnson Gardner, Population Research Center, Portland State University
* Population forecasted within Newberg's urban growth boundary.

Age characteristics

The following table compares the population of Newberg by age compared with the state of Oregon, Yamhill County and the PMSA (2000 Census):

TABLE 12-1

Age	Newberg		Oregon		PMSA		Yamhill County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 5	1,442	8.0	223,055	6.5	134,890	7.0	5,911	7.0
5 to 9	1,389	7.7	234,474	6.9	138,228	7.3	6,321	7.4
10 to 14	1,353	7.5	242,098	7.1	136,190	7.1	6,618	7.8
15 to 19	1,651	9.1	244,427	7.1	130,638	6.8	7,149	8.4
20 to 24	1,875	10.4	230,406	6.7	127,455	6.6	6,578	7.7
25 to 34	2,623	14.5	470,695	13.8	298,031	15.5	11,006	12.9
35 to 44	2,763	15.3	526,574	15.4	317,251	16.5	13,254	15.6
45 to 54	2,035	11.3	507,155	14.8	283,431	14.8	11,422	13.4
55 to 59	608	3.4	173,008	5.1	90,811	4.7	3,939	4.5
60 to 64	413	2.3	131,380	3.8	62,850	3.3	2,820	3.3
65 to 74	789	4.4	219,342	6.4	97,404	5.1	4,909	5.8
75 to 84	749	4.1	161,404	4.7	73,909	3.9	3,705	4.4
85+	374	2.1	57,431	1.7	26,921	1.4	1,363	1.6
TOTAL	18,064	100.0	3,421,399	100.0	1,918,009	100.0	84,992	100.0

The median age of Newberg's population compared with the state of Oregon, Yamhill County and the PMSA is as follows (2000 Census):

	Newberg	Oregon	PMSA	Yamhill County
Median Age	30.1	36.3	34.8	34.1

This data shows that our population is younger that the comparative populations, especially in the 20 to 24 year old category. This is likely due to the presence of students attending George Fox University. In general, our population over 45 years of age is somewhat lower that the comparative populations.

Education Attainment, Employment, and Income

The following table compares the educational attainment of the Newberg population over 25 years of age compared with the state of Oregon, Yamhill County and the PMSA (2000 U.S. Census):

TABLE 12-2

Educational Attainment	Newberg		Oregon		PMSA		Yamhill County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 9th Grade	654	6.3	111,705	5.0	54,049	4.3	3,348	6.4
9th to 12th, no diploma	1,219	11.7	223,106	9.9	106,173	8.5	5,716	10.9
High school graduate (includes equivalency)	2,889	27.8	591,229	26.3	298,927	23.8	16,235	30.8
Some college, no degree	2,791	26.8	610,753	27.1	346,179	27.6	13,752	26.1
Associates degree	688	6.6	149,639	6.6	86,800	6.9	2,737	5.2
Bachelor's degree	1,397	13.4	369,252	16.4	241,038	19.2	7,042	13.4
Graduate or professional degree	761	7.3	195,314	8.7	120,548	9.6	3,815	7.2
TOTAL	10,399	100.0	2,250,998	100.0	1,253,714	100.0	52,645	100.0

The following table compares the household income levels of the Newberg population over 25 years of age compared with the state of Oregon, Yamhill County and the PMSA (2000 Census):

TABLE 12-3

Household Income	Newberg		Oregon		PMSA		Yamhill County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $10,000	312	5.1	115,129	8.6	49,990	6.7	2,010	7.0
$10,000 to $14,999	355	5.8	86,695	6.5	37,119	5.0	1,609	5.6
$15,000 to $24,999	872	14.3	179,053	13.4	82,937	11.2	3,326	11.6
$25,000 to $34,999	893	14.6	185,595	13.9	93,693	12.6	3,937	13.7
$35,000 to $49,999	1,003	16.4	236,282	17.7	129,840	17.5	5,446	19.0
$50,000 to $74,999	1,797	29.5	269,492	20.2	163,756	22.1	6,844	23.8
$75,000 to $99,999	564	9.2	129,488	9.7	87,796	11.8	2,964	10.3
$100,000 to $149,999	212	3.5	87,218	6.5	64,298	8.7	1,780	6.2
$150,000 to $199,999	79	1.3	22,650	1.7	16,735	2.3	418	1.5
$200,000 or more	14	0.2	23,507	1.8	16,217	2.2	366	1.3
TOTAL	6,101	100.0	1,335,109	100.0	742,381	100.0	28,700	100.0

	Newberg	Oregon	PMSA	Yamhill County
Median Household Income	$44,206	$40,916	$47,077	$44,111
Median wage				
Male, full-time, Year-round	$34 ,099	$36,588	$40,418	$35,686
Female, full-time, Year-round	$23,571	$26,980	$29,894	$25,254

Comparing the previous education, income, and employment tables reveals a very interesting profile of the Newberg community. The Newberg population has a smaller percentage of 4-year college and graduate degrees than the state or the PMSA. Nonetheless, the city's median household income is higher than the state's average. The reason for condition likely lies in the manufacturing data in the following tables. Newberg has a much higher percentage of its workforce in the manufacturing sector than the comparative populations. The average annual wage for the employment sector is the highest of all the employment sectors in Newberg at $48,418. Manufacturing jobs paying high wages usually are very skilled. However, those skills are more likely to be developed through vocational training and apprenticeships rather through a university education.

It is interesting to note that Newberg is the home of private university (George Fox University), yet the city's population as a whole has fewer college degrees. This indicates that George Fox University graduates are not remaining in Newberg, whether by choice to live in another community of a different quality of life and/or lack of opportunity.

The median annual wages for males and females in Newberg are less that the comparative populations. With a relatively high median household income, this may mean that there is a higher average number of wage earners in each household than in the comparative populations.

TABLE 12-4

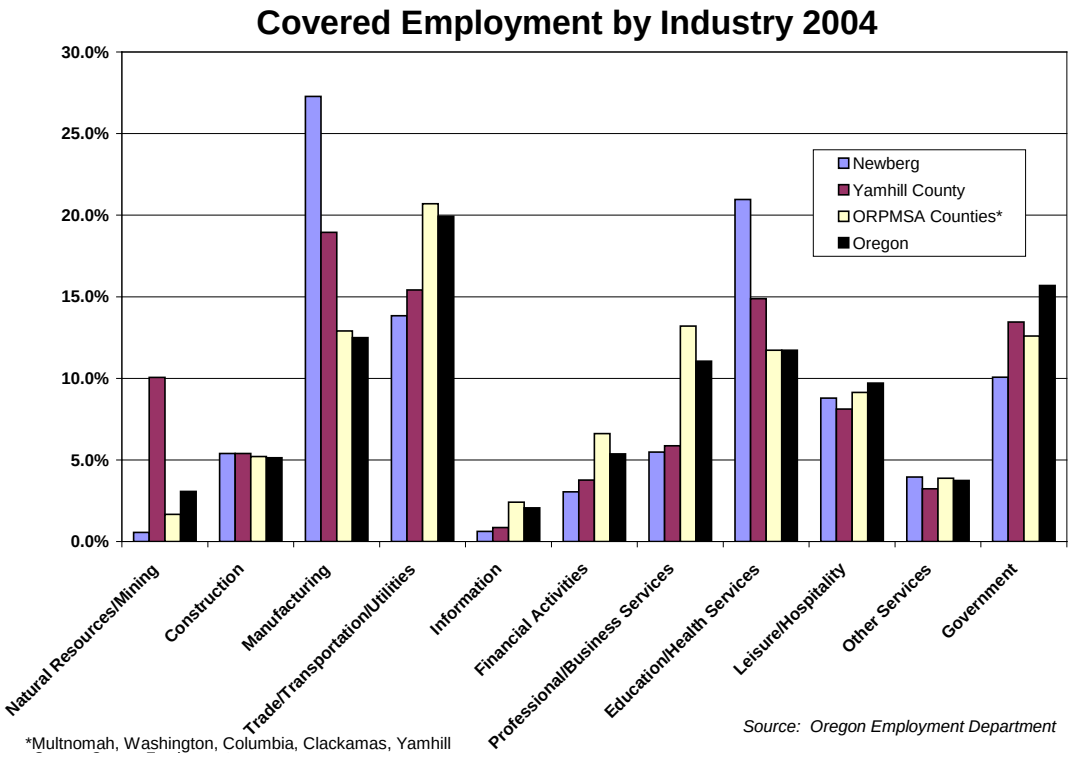

TABLE 12-5

City of Newberg Covered Employment by Industry 2004				
	Average Annual Employment	Number of Firms	Payroll $	Average Wage $
Natural Resources/Mining	46	12	1,780,765	38,434
Construction	447	83	15,749,453	35,273
Manufacturing	2,261	68	109,461,165	48,418
Trade/Transportation/Utilities	1,147	113	31,393,726	27,362
Information	52	12	1,375,115	26,530
Financial Activities	252	72	8,335,564	33,078
Professional/Bus. Services	454	79	13,969,592	30,770
Education/Health Services	1,738	84	54,587,110	31,411
Leisure and Hospitality	729	61	8,793,341	12,059
Other Services	328	64	5,484,323	16,699
Private Sector Total	7,454	648	250,930,154	33,664
State Government	8		270,409	36,055
Local Government	805		27,469,045	34,121
Federal Government	22		1,206,634	54,435
Government Total	835		28,946,088	34,666
Total	8,289		279,876,242	33,765

Source: Oregon Employment Department Covered Employment 2003

Commuting Patterns

The 2000 Census indicates that many Newberg residents are likely to be employed outside of the city. Commuting data for Newberg specifically is not available. However, Yamhill County commuting data is available. Of Yamhill County jobs, 20% of them are held by workers who reside outside of the county. Of Yamhill County residents, 35% commute to jobs outside of the county, with the vast majority of these commuting to the

Portland metro area. This data also shows an increasing percentage of Yamhill County residents commuting to other counties for employment. The following table shows this commuting pattern (Source: Oregon Employment Department):

TABLE 12-6

Yamhill County residents working in:							
	1990		**2000**		**Change: 1990 to 2000**		
	#	**Share**	**#**	**Share**	**#**	**Growth**	**Share**
Yamhill	19,396	68%	24,593	64%	5,197	27%	-5%
Clackamas	742	3%	1,575	4%	833	112%	1%
Clark	86	0%	134	0%	48	56%	0%
Columbia	27	0%	52	0%	25	93%	0%
Multnomah	1,998	7%	2,374	6%	376	19%	-1%
Washington	3,934	14%	6,653	17%	2,719	69%	3%
Elsewhere	2,230	8%	3,207	8%	977	44%	0%
Total	**28,413**	**100%**	**38,588**	**100%**	**10,175**	**36%**	

Given Newberg's relatively close proximity to the Portland area's employment centers, it is possible that the percentage of Newberg residents commuting outside of the community for work is higher that Yamhill County as a whole. The housing construction boom in Newberg in recent years in contrast to the limited commercial/industrial growth would indicate that this is the trend for Newberg. The 2000 Census also shows that the mean travel time for Newberg workers is 23.3 minutes. Given Newberg's relatively small physical size, this statistic would indicate that a good portion of Newberg workers find employment outside of the city.

Reasons for these commuting patterns are likely to be manifold:

- Lower housing costs compared to the Portland area.
- More employment opportunities in the Portland area.
- Desire to live in a community like Newberg with a high quality of life and sense of community, rather than a "same as everywhere else" type of Portland area suburb.

Historic Economy

Settlement of our region by people of European ancestry began a mostly agricultural economy for the area. As the region developed, Newberg slowly became the commercial center for the eastern end of Yamhill County and it remains so to this day. Evidence of this development is expressed through Newberg's Central Business District, which consists of many early, twentieth century buildings constructed in a high-density pattern.

The advent of the car as a primary mode of transportation for people brought about commercial development pattern of a lower density. Most of this type of development is situated along Highway 99W at the eastern section of the city.

Current Economy

Newberg has a diverse economic base. This diversity, along with the types of businesses, has provided Newberg with a reasonably stable economy. The relatively minor impact of the recession at the beginning of this century seems to attest to this.

The following is a list of the top employers located within the urban growth boundary of Newberg in 2005 (Source: Chehalem Valley Chamber of Commerce):

TABLE 12-7

Employer	Average Employment	Product description
A-dec	914	Dental equipment
George Fox University	560	Higher education
Newberg Public Schools	520	K-12 education
SP Newsprint Company	324	Newsprint
Providence Newberg Hospital	255	Health Care
Fred Meyer, Inc.	235	Groceries, pharmacy, apparel, electronics, hardware, home décor.
Suntron	190	Electronics (circuit boards, modular parts, cable assembly)
Friendsview Retirement Center	149	Continuing care retirement community
City of Newberg	140	Government
FMC Food Tech	109	Food processing machinery
Hazelden Springbrook	100	Alcohol and drug treatment facility
Safeway	80	Groceries, pharmacy
Climax Portable Machine Tools	79	Portable machine tools
A.R.E. Manufacturing	70	Dental equipment and boat parts
Chehalem Youth & Family Services	70	Child and family services
Dental Components, Inc.	60	Dental equipment
Ushio Oregon, Inc.	53	High intensity lamps
Harris Thermal Transfer Products	52	Heat exchanger manufacturing

As has already been pointed out, Newberg has a higher than average manufacturing employment base. The companies in the table above shows that many of the community's businesses are industrial in nature. Education (e.g. George Fox University) and health care (e.g. Providence Newberg Hospital) are also big components of Newberg's economic structure. In addition, the wine industry is beginning to make a larger impact, along with the associated tourism industry: Bed & Breakfasts, restaurants, art shops, wine-tasting rooms.

While Newberg's economy appears to be stable, outside threats to its health do exist. Firstly, the global economy provides strong competition for local manufacturers. Many other countries, such as China and India, are attracting manufacturing facilities through a

growing, trained workforce with lower, average wages than this region. Secondly, Newberg's commercial sector has been under considerable stress as retail paradigms have changed over the last few decades. Regional malls and the more recent development of "big-box" stores are strong competitors to Newberg businesses. While the volume sales model of these types of stores bring lower costs to consumers for goods, this pattern has had a negative impact on the relatively smaller retailers of the local economy. In addition, the ease of shopping through internet sales is being utilized by growing number of customers. Many locally-owned businesses find it difficult to compete under this new paradigm, a situation that has forced many of them to go out of business. In addition, Newberg's close proximity to the Portland metro area and relatively low retail opportunities results in retail dollar "leakage" from the community. This means that fewer retail dollars stay in the community and continue to circulate within the local population. However, there are strategies being employed to counter this situation. Many small businesses are adjusting these new retail realities by either focusing on high quality customer service and/or gearing their business plans toward niche markets.

Support for this assertion of retail dollar leakage can be demonstrated through some simple calculations. By taking the total annual retail sales numbers of area, divided by the area's population, one gets a total annual retail spending per capita in that community. Using this formula, the following is a list of the annual retail sales per capita in population centers within Oregon.

TABLE 12-8

Population Center	Annual retail sales per capita
Newberg	$9,462
McMinnville	$11,798
Ashland	$7,495
Medford	$21,470
Washington County	$12,386
Salem	$13,807
Bend	$22,933
Pendleton	$12,515
Eugene/Springfield	$14,132
Oregon	$10,542

Source: U.S. Census Bureau

Newberg's local retail spending is the below the state average. Yet, Newberg's median household income is higher than the state average. McMinnville's retail spending is higher than Newberg, but also has more shopping opportunities. Ashland and Medford's relationship is much like Newberg with the Portland metro area, with many Ashland retail dollars likely to be going to Medford businesses. Many other commercial centers around Oregon, like Salem, Bend, Pendleton and Eugene/Springfield also appear to attract more retail dollars per capita that the state average.

It is acknowledged that this calculation is simplistic. Many other variables would affect a more thorough analysis, such as total income, disposable income, geographic boundaries and population dispersion. However, it is unlikely that any of these factors would change the fact that many small towns with limited shopping opportunities, like Newberg, near larger urban centers, lose retail dollars to those urban centers.

Outside of Newberg, agriculture is still an important industry to the area's economy. The wine/tourism industry has an especially large impact upon Newberg. Many new businesses, such as restaurants, bed & breakfasts, art galleries, and gift shops, have been established with a recognition that tourists would be a principal customer. The Yamhill Valley (consisting of portions of Yamhill and Polk County) is the heart Oregon's wine industry, with about 200 vineyards and 85 of Oregon's 200 wineries. It is the heart of a $576 million Oregon industry (Source: News-Register). The wine industry in Yamhill County has grown exponentially over the last few decades.

Future Economy

Plans and Policies

Newberg has developed a vision for the community's economic future. The City of Newberg's adopted Comprehensive Plan includes a list of goal and policies that help shape Newberg's future economy (Section H. The Economy). Moreover, Newberg has recognized the importance of being part of a shared, regional economic vision. Beyond the Vision: A Strategic Plan for the Chehalem Valley is a document that was created cooperatively between five governmental entities located within the Chehalem Valley. This document was adopted by the Newberg City Council in January 2005. One section of this document called *Economy and Employment* describes the economic future of the area as follows:

> A diversified economy provides balanced economic opportunities for the residents of the Chehalem Valley. Agriculture and agribusinesses are an important component of the local economy. The natural beauty of the area encourages tourism and the wine industry. A carefully targeted retail recapture strategy has encouraged more local shopping and minimized buying outside of the area. Downtown areas are vibrant commercial areas that support the local economy.
>
> Clean industries have been developed using a "campus" design. Plenty of family wage jobs are available for citizens of the area. Tourism is a major economic force, its strengths based on the premise that the Chehalem Valley is 1) the gateway to the wine country; 2) characterized by a clean and comfortable environment; and, 3) offers the historical experience of a friendly, small town and village America in the earlier period of the 20th century. As a destination location for visitors, the community of Dundee now has two small exclusive hotels and bed and breakfast inns. The service industry has expanded, with the health industry and health research being a major provider of employment in this sector of the economy.

Key strategic steps laid out for the *Economy and Employment* section of the plan are as follows:

- Hold a broad community forum on economic development to build consensus.
- Invigorate the Chamber of Commerce Economic Development Committee.
- Seek financial aid in the form of grants.
- Develop community college training programs tailored to the labor force needs of prospective employers.

Today, the most accepted economic development model is that such an endeavor should be approached as a regional effort. Cities can no longer compete individually within the global economy. Moreover, luring companies located in other cities within the same region is now recognized as a zero-sum game.

The regional economic development paradigm is expected to continue in the foreseeable future. Most of Newberg's regional economic development efforts in the recent past have been limited to its involvement with the Mid-Willamette Valley Community Development Partnership, which is administered through the Mid-Willamette Valley Council of Government, located in Salem. Moreover, the Chehalem Valley Chamber of Commerce has been a member of the Strategic Economic Development Corporation (SEDCOR) for last 2-3 years. However, Newberg's economic future is likely to be strongly linked with fortunes of the Portland region rather than Salem region. The previously mentioned Newberg commuter data and retail shopping patterns support this assertion.

In the summer of 2004, the City of Newberg joined the Association of Regional Economic Development Partners, Inc.. The Partners is "a public-private partnership that focuses on shared economic priorities and works to implement business retention, expansion, and recruitment as well as marketing strategies and recommendations for policy development. The members are public and private sector economic development professionals in the region who have worked collaboratively for more than 10 years to retain and recruit businesses, and promote the metropolitan region as a vital economic center."

On January 3, 2005, the Newberg City Council passed Resolution No. 2005-2554, which stated the city's support for the framework of the Portland Regional Business Plan of the Regional Economic Development Partners. The complete Plan is being drafted at this time by representatives of both the public and private business sectors and is expected to be completed by the end of 2005.

Regional Economic Development Industry Clusters and Target Industries

Industry clusters of a region are its principal economic drivers. The Regional Business Plan identifies specific, traded-sector industry clusters that should be supported to enhance the economic base of the region. The Plan defines a cluster as follows:

A cluster is a group of firms that, though their interactions with each other and with their customers and suppliers, develop innovative, cutting-edge products and processes that distinguish them in the market place and from firms in the same industry found elsewhere. The competitiveness of an industry cluster is determined by the presence of highly specialized pools of skills, technology and infrastructure tailored to the needs of the cluster firms. The presence of sophisticated and demanding customers in a cluster pressures firms to innovate on a continuing basis....

Those industry clusters that compete nationally and internationally are the core of this region's economy and what distinguishes it from other regions. The industry cluster that exist and that are emerging in the metropolitan area are built on the distinctive knowledge competencies of the region, and the strengths that currently enable the region to compete globally for economic activity and investment. Additionally, industries that sell their products and services nationally and internationally have greater long-term growth potential since their opportunities for growth are not constrained by the size of this region's market. For these reasons, focusing on industry clusters is both a more efficient and effective use of this region's efforts and resources.

The Plan identifies the following industry clusters that the Portland region should focus its economic development efforts:

- <u>Established</u>
  - High Tech (Semiconductors/Silicon, Imaging & Display Technology)
  - Metals, Machinery, Transportation Equipment
  - Nursery Products
  - Specialty Foods and Food Processing
  - Lumber and Wood Products

- <u>Emerging</u>
  - High Tech (Nano & Micro Technology, Cyber-Security, Health/Medical Information Technology)
  - Creative Services (Advertising, Public Relations, Film and Video, Web/Internet Content and Design)
  - Sports Apparel/Recreation-Related Products

- <u>Targeted (clusters desired to create and establish)</u>
  - Biotech/Bioscience (Medical Devices, Bioinfomatics, Pharmaceuticals, Genomics, Anti-Virals)
  - Sustainable Industries (Renewable Energy, Resource Efficiency Technologies, Sustainable Building Materials, Green Chemistry)
  - Professional Services (Architecture, Engineering, Legal and Financial Services, etc.)
  - Distribution & Logistics

Newberg may or may not be able to capitalize on these industries in the near future. However, given our economic relationship with and close proximity to the Portland region, along with technologies like high-speed telecommunications that close the gap of space and time, it is reasonable to think that some of the businesses within these industries may find that they would like to establish themselves in Newberg. In addition, doing business in Newberg (e.g. real estate costs) can often be significantly lower than much of the Portland metro area. Our community offers a unique quality of life compared to others in the region, one that will attract those who believe their business will benefit form being located here.

Local Economic Development Industry Clusters and Target Industries

Recruiting specific new businesses to Newberg such as those listed in the Regional Business Plan should be encouraged. However, the majority of Newberg's economic development efforts should be focused upon supporting existing local businesses. In the economic development profession, there is a general principal call the "80/20 rule", which means that 80 percent of an area's economic development efforts should be dedicated towards the retention and expansion of existing local businesses. Another saying goes "Your good businesses are your competitor's best recruitment prospects!" This means that a community should ensure, as much as possible, that their local businesses are happy and prosperous, or else they may look elsewhere to do business. The point is that it is far easier, effective and efficient to try to maintain and expand your economy through one's local industries than to attract new ones.

As has been stated previously, the most effective method of strengthening the local economy is by focusing one's economic efforts on an area's strong, traded-sector clusters. In Newberg's case, this would be manufacturing, medical services, higher education, and the wine/tourist industry.

As we have seen in this report's data, the manufacturing industry is of critical importance to the local economy. One of Newberg's strongest clusters would be the dental industry, with one of its businesses being a world leader in the field. Many of the community's industrial businesses also involve a high level of metals machine work, an area that has good potential for expansion. Finally, a large, newsprint production facility is located here. This facility has received some major investments in the last few years. However, the newsprint production business is and will continue to face tough market demands in the future.

The health care industry should continue to be a strong segment in the foreseeable future. The heart of this industry is Providence Newberg Hospital, a highly-regarded facility in the field. Providence is currently constructing a new hospital on a 56 acre site that will be called Providence Newberg Medical Center. The new $68.5 million facility will provide greatly expand the capabilities of the hospital and is expected to serve not only Newberg, but the nearby region as well. Hospital physical space will almost double to 138,000 square feet and doctor office space will more than double to 37,500 square feet.

Diagnostic imaging equipment will be completely digital and state-or-the-art, helping the hospital to attract the best medical staff. Hospital employment is expected to increase by 100 to 450 and 60 other new jobs are expected to be created as a result of the expansion. The new facility is expected to be in operation in June 2006.

In addition, since 1999, two new assisted care facilities have been opened (Avamere and Astor House) and one existing facility has gone through a major expansion (Friendsview Manor). Construction on another facility called Springbrook Oaks Assisted Living Center is expected to begin in the fall of 2005.

Higher education should continue to be big part of the local economy. George Fox University (GFU) has had an increasing financial impact on Newberg, both by the new dollars it brings to the community (GFU is a private, tuition-driven institution) as well as the skills support it provides local businesses. The University has rapidly grown in the last couple of decades, with a student population expanding from 549 in 1986 to 3,210 in 2005. About 1,600 of those students attend classes at the Newberg campus, with the remainder attending satellite campuses in Portland, Salem, Redmond and Boise, Idaho. The University currently offers 35 undergraduate majors, 12 graduate programs, 5 seminary programs, and a bachelor's degree-completion program for working adults. Some of its biggest undergraduate programs include engineering (one of only 5 ABET-accredited schools in Oregon), business administration, and biology.

The University's future plans will continue to strengthen the local economy. A new nursing program will begin in the fall of 2006. With the current national shortage of qualified nurses, this program should assist the new Providence Newberg Medical Center fulfill its staffing needs. Other future expansion plans include the following:

- A 120-bed residence hall for third- and fourth-year students is under construction on the northeast side of campus. It is expected to open in fall of 2006.
- Hoover Academic Building is undergoing a two-year major renovation and expansion to provide facilities for the new nursing program.
- Purchase the 8 acre, existing Providence Newberg Hospital facility to create a new campus quad for professional and graduate programs.
- A 500-seat amphitheater is expected to be completed in the fall of 2005 on the edge of the Hess Creek canyon that runs through the campus.
- Development of a 24 acre site on the corner of Villa Road and Crestview Drive for athletic fields.

The wine/tourist industry would be considered a target industry. Tourism, of which wine industry is a big part, has shown strong growth for more than a decade. Total direct spending for tourism in Yamhill County has gone from $29.1 million in 1991 to $60.7 million in 2003 (Source: Dean Runyan Associates.) While growth of this industry surrounding Newberg has been impressive, the impact to the local economy has been limited. Some restaurants, bed and breakfasts, wine shops, and art galleries have undoubtedly have benefited from this rising industry and are actively pursuing these customers. Given Newberg's strategic location as the eastern gateway to the area's wine

country from the Portland metropolitan region, the potential for growth in this industry is very high.

Commercial and Industrial Land Needs

To encourage and accommodate future commercial and industrial growth, developable land must be readily available. Newberg's Ad Hoc Committee on Newberg's Future recently completed an analysis of the community's future land use needs. That analysis is described in the *Report to Newberg City Council; Recommendations for Newberg's Future*, which was accepted by the Newberg City Council on July 21, 2005. On August 1, 2005, the City Council initiated the amendment process for the comprehensive plan changes recommended in the Report. The following are the Committee's recommendation's in the Report describing the commercial and industrial land needs for Newberg's future.

Commercial Land Need

As Newberg grows, so will its needs for commercial land. Additional population will bring additional retail, office, and other commercial opportunities. Johnson-Gardner prepared a forecasts the need for office and retail commercial land. The office land need is a function of employment growth based on long-range forecasts by the Oregon Employment Department. The retail land need is a function of household growth and typical household spending patterns.

TABLE 12-9. Commercial Land Need

Type	2005-2025	2026-2040
Office	15 ac	27 ac
Retail	96 ac	82 ac
Total	111 ac	109 ac

Source: Johnson Gardner, *Industrial & Office Land Need Methodology*

In addition, Newberg will need to ensure that large parcels are available for shopping centers. The Urban Land Institute has identified three types of shopping centers that potentially could be developed in communities such as Newberg: neighborhood centers, community centers and regional centers. A large regional shopping center is not consistent with Newberg's desire to maintain a small town feeling and have a complete community rather than a bedroom suburb, smaller neighborhood and community shopping centers are preferred. Therefore, in addition to the overall demand for commercial land based on population and employment growth, Newberg needs to ensure that there is an adequate supply of sites with appropriate characteristics for this type of commercial development in terms of size, access, and location. Under this approach, future land needs will include needs for 2-3 community centers (10-15 acres each) and 2-3 smaller neighborhood centers (3-5 acres) for 2025 and 2040. The smaller neighborhood commercial centers should be scattered throughout the community to provide goods and services near where people live and reduce the need to drive into the

central area for basic needs.

Commercial Land Supply

The commercial buildable land inventory inside the current Newberg UGB has approximately 105 acres, but consists mostly of small, scattered sites, with only 3 parcels larger than 5 acres. Overall, Newberg has a deficit of commercial land through 2025. Appropriate land will need to be designated commercial to meet future needs, through some combination of changing the plan designation of lands within the UGB and/or adding additional land to the UGB. To meet the commercial land needs through 2040, additional land will need to be designated commercial.

TABLE 12-10. Commercial Land Need and Supply

Commerical Land Need 2005-2025 (acres)	Commercial Land in UGB (2004)	2025 Surplus (Deficit) (acres)	Commerical Land Need 2026-2040 (acres)
111	105	(6)	109

Source: Newberg's Ad Hoc Committee on Newberg's Future
Report to Newberg City Council; Recommendations for Newberg's Future

Industrial Land Need

Johnson-Gardner prepared future industrial land forecasts based on long-range employment forecasts and converted the new jobs to space needs for each employment sector (TABLE 12-11). This forecast is based on a high employment growth scenario consistent with Newberg's economic development goals to bring more family-wage jobs to the area and to avoid becoming a bedroom community.

TABLE 12-11. Industrial Land Need

	2005-2025	**2026-2040**
Industrial	87 acres	75 acres

Source: Johnson Gardner, *Industrial & Office Land Need Methodology*

In addition to an overall supply of buildable land, Newberg needs to have sites available the meet the specific needs of potential industrial users, so-called "target industries". A variety of parcel sizes, building types, and land use designations are required to attract target industries and provide market choice. In 2005, there is a general lack of suitable large (20+ acre) industrial sites with access to a state highway and physical separation or transitional buffering from residential neighborhoods. Therefore, Newberg needs 4-5 large (20+ acre) industrial sites for the period 2005-2025 and an additional 6 sites for the period 2026-2040. The assumption is that approximately 50 percent of the future industrial employment will take place on large parcels.

2025 Industrial Land Supply and Need

The industrial buildable land inventory inside the current UGB has approximately 159 acres. While this may seem to be a large supply, it is disadvantaged by a number of elements. First, it consists mostly of small, scattered sites, with only 8 parcels larger than 5 acres and only 3 parcels that are 20 acres or larger. Second, several sites are hindered because of proximity to residential neighborhoods or other factors. Thus, some of the industrial should be rezoned for other uses. Third, a significant part of the "buildable" land is in fact in industrial use, such as storage yards. Also, the land need is adjusted to account for existing industrial uses that are displaced by the Newberg Dundee Bypass.

TABLE 12-12. 2025 Industrial Land Supply and Need

Industrial Site Size	**2025 Need**	**Supply**	***Surplus/(Deficit)***
Small/Medium sites (< 20 ac)	50 ac	99 ac	49 ac
Large sites (20+ ac)	100 ac	60 ac	(40) ac

Source: Newberg's Ad Hoc Committee on Newberg's Future
Report to Newberg City Council; Recommendations for Newberg's Future

Inside the current UGB, the only one large site (20 acres) that is viable in the long term is at the Sportsman Airpark. Two other sites are better suited for other uses long term. Therefore, Newberg needs to look to add additional industrial land to its UGB.

2040 Industrial Land Supply and Need

The period 2025-2040 will have additional needs for industrial lands. There is projected to be a need for 37 acres of additional small/medium sites. In addition, there will be a need for six large industrial sites (20 acres each).

TABLE 12-13. 2026-2040 Industrial Land Supply and Need

Industrial Site Size	**2026-2040 Need**
Small/Medium sites (< 20 ac)	37 ac
Large sites (20+ ac)	120 ac

Source: Newberg's Ad Hoc Committee on Newberg's Future
Report to Newberg City Council; Recommendations for Newberg's Future

Recommended Supportive Economic Development Actions

- Identify and maintain adequate industrial land supplies for new businesses as well as expansion of existing businesses. The *Report to Newberg City Council:*

Recommendations for Newberg's Future is a good step toward increasing this land supply.

- Encourage the installation of infrastructure within industrially zoned land to shorten the development of projects.

- "Certify" industrial sites to shorten the development time of projects and provide certainty to a business that regulatory and permitting issues will not delay the project's timeline.

- Identify and implement cost and time saving measures that improve the development permitting processes.

- Develop a financial incentives "toolbox" to recruit new businesses and encourage existing business expansions. The incentives should be applied only after a proposed project has reviewed by a rigorous analysis that demonstrates a clear financial benefit to the City.

- Construct and maintain the best utility systems possible (e.g. water and sanitary sewer), both from a quality as well as quantity (capacity) standpoint.

- Maintain a useful economic development website that is easy to navigate and contains substantive content the meets the needs of business.

- Invest in the best telecommunications infrastructure possible, in cooperation with public and/or private entities if necessary. While Newberg does have a telecommunication system with redundancy, higher levels of accessibility and greater, higher-speed choices (e.g. wi-fi, wi-max, fiber optics) would increase the community's competitive edge.

- Construct and maintain the best surface transportation infrastructure possible (e.g. roads, airpark, and railroad). This infrastructure component is critical to a community's economic health. Newberg is fortunate to be located along three state highways (99W, 219, and 240) and is only a 20 minute drive to Interstate 5. However, heavy traffic congestion on Highway 99W, a state designated "freight route" and the location of most of Newberg's commercial properties, serves as a deterrent for existing and potential customers and hinders industrial development. The Newberg/Dundee Bypass will reduce the current highway congestion and may allow the city to significantly improve the economic health of the historic Central Business District.

- Work with local, regional and state educational and training resources (private and public) to assist with the workforce training needs of businesses and provides opportunities for workers voluntarily upgrade their skills. The available workforce pool in the Newberg region is approximately 223,000 (Source: OregonProspector.com – website of Oregon Economic Development

Association). This was calculated using the following assumptions. 23 minute mean commute time (2000 Census) equaling a 15 mile radius from the center of Newberg. However, Oregon is recognized for having an educated workforce, one with good basic work skill sets that allows them to be relatively, easily trained.

- Develop a quality of life in the community that attracts and retains a diverse, highly-skilled workforce. High-paying jobs usually require a high level of skills. Focus should be placed upon college educated workers in the 25 to 34 age range. As a whole, this population is more innovative, energetic, and productive than other age groups. Moreover, they are likely to begin setting roots, contributing to a community of their choosing, both economically and socially.

- Foster an environment of business innovation. Historically, businesses of older technologies that require a workforce of limited skills either die or production is shipped overseas. Innovation allows the community to remain economically competitive.

- Gauge health of local businesses regularly and identify how the city can help resolve issues, when feasible. Focus should be on businesses of the traded-sector and local clusters. Anticipate local problem areas by keeping abreast of region, national, and international business trends.

- Develop closer ties to organization/businesses located within the Portland area with a similar interest in regional economic development (e.g. Regional Economic Development Partners, future Portland Economic Development District, etc.). However, joining METRO will not be considered. Re-evaluate current relationship with Mid-Willamette Valley Community Development Partnership.

- Develop a Downtown Revitalization Master Plan prior to the construction of the Newberg/Dundee Bypass. Identify funding sources to implement the plan.